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C O N F I D E N T I A L SECTION 01 OF 02 KATHMANDU 001167

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SUBJECT: UPDATE ON NEPAL'S POLITICAL EVENTS

Classified By: Charge Elisabeth Millard; Reasons 1.4 (b/d).

SUMMARY

1. (U) The Royal Commission for Corruption Control (RCCC) jailed former Prime Minister Sher Bahadur Deuba and former Minister Prakash Man Singh for refusing to post bail. On May 31, the Supreme Court Bar Association (SCBA) decided to boycott the RCCC, stating it had been unconstitutionally formed. Seven student unions organized protest rallies in prohibited areas against the February 1 Royal takeover. Journalists nationwide demonstrated against the government's decision to shut down the Communication Corner, a radio program production center, on May 29. Maoists attacked a base camp of the Armed Police Force, killing one police officer, in Kanchanpur District on May 30. END SUMMARY.

DECISION OF THE ROYAL COMMISSION FOR CORRUPTION CONTROL

2. (U) On May 31, the RCCC sent former Prime Minister Sher Bahadur Deuba and former Minister Prakash Man Singh to jail for refusing to post bail of USD 70 K (5 million rupees) each in connection with the Melamchi Drinking Water Project (MDWP). Four others implicated in the case, including Tika Dutta Niraula, former Secretary at the Ministry of Works and Physical Planning; Executive Director of the MDWP Dhurba Bahadur Shrestha; Deputy Executive Director Deepak Jha of the same project; and contractor Jip Tshering Lama lacked enough time to deposit bail and were not released. The RCCC filed corruption cases on May 16 against these six individuals for misappropriating USD 5.39 million (376.1 million rupees) on a contract for an access road to the MDWP site.

SUPREME COURT LAWYERS TO BOYCOTT UNCONSTITUTIONAL RCCC

3. (U) On May 31 the Supreme Court Bar Association (SCBA) decided to boycott the RCCC, which the SCBA claimed was unconstitutional because it was formed under emergency provisions, citing Article 115 (7) of Nepal's Constitution, but had continued to function after the State of Emergency was lifted. Article 115 (7) states that "After a State of Emergency has been declared pursuant to clause (1), His Majesty may issue such Orders as are necessary to meet the exigencies. Orders so issued shall be operative with the same force and effect as law so long as the State of Emergency is in operation." The SCBA directed its members not to appear before the "illegitimate" RCCC bench.

STUDENTS HOLD PROTEST RALLIES IN RESTRICTED AREAS--ONE ARREST

4. (U) On May 31, seven student unions, representing the seven party alliance, organized rallies in prohibited areas of Kathmandu to protest the King's February 1 takeover. Police arrested one person. The students also accused Tribhuvan University (TU), the largest and the oldest national university, of financial irregularities. The students alleged that TU's Vice-Chancellor betrayed the trust of students and employees by spending TU funds to felicitate the King. Police arrested former Secretary Baburaja Chitrakar of the Free Students Union of Kirtipur Multiple Campus affiliated with TU.

JOURNALISTS DEMONSTRATE AGAINST GOVERNMENT ORDERS

5. (U) On May 29, hundreds of journalists across the country demonstrated against the government's May 27 shutdown of the Communication Corner, a radio program production center for FM and community radios. The Ministry of Information and Communications ordered the closure citing "illegal operations." Media employees, under the banners of the Federation of Nepalese Journalists (FNJ) and FM and Community radio organizations, staged protest rallies in restricted areas in downtown Kathmandu. On that same day, journalists in Banke District (mid-western Nepal) wore black armbands as

a sign of protest, and local publications hung black flags at their offices. In Chitwan District (central Nepal), local FM stations sounded conch shells. Similar protest programs were also held in Kaski, Panchthar and Saptari districts.

MAOISTS ATTACK POLICE POST IN KANCHANPUR DISTRICT

16. (U) On May 30, a Maoist attack resulted in a clash between the Armed Police Force (APF) and militants in Kanchanpur District (far-western Nepal), which left one policeman and one Maoist dead. Police claimed that at least six insurgents died in the attack. According to reports, security forces seized one 303, four M-16 rifles and dozens of socket bombs from the site.

17. (U) On that same day, one Maoist was killed in a clash with security forces in Banke District (mid-western Nepal). The fight broke out at night inside the premises of Sharada Lower Secondary School when the Maoist tried to hurl a socket bomb at security forces.

COMMENT

18. (SBU) The RCCC's actions against those it has implicated in the Melamchi Drinking Water Project (MDWP) might be largely seen as the government's attempt to fulfill the public's desire to fight corruption. However, possibly because the process has not been transparent, the MDWP case has failed to garner public support. Moreover, legal experts believe that at a time when the constitutional status of the RCCC is itself questionable, any prosecution conducted or verdict given by the RCCC would remain a case without legitimacy.

MILLARD